

Budget Brief: Public Education Budget Overview

PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE

SUMMARY

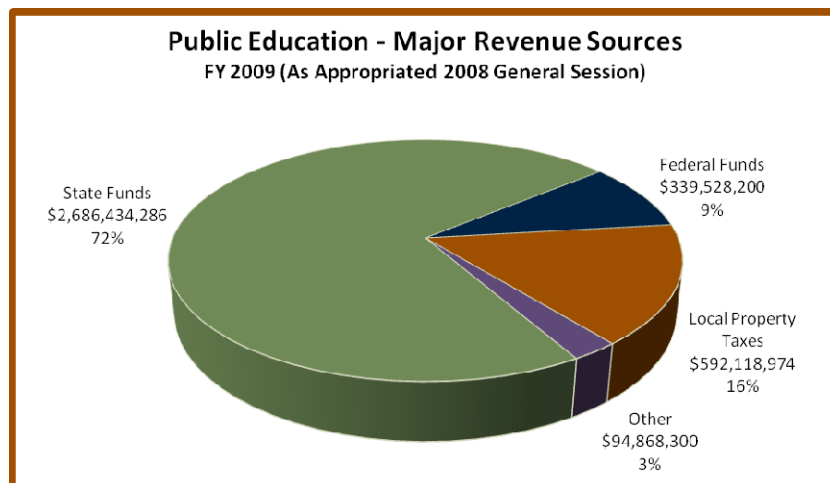
The Public Education Appropriations Subcommittee reviews and approves the largest budget appropriated by the Legislature. Appropriations supporting Utah's public school system total more than \$3 billion. Funding supports the education of more than 551,000 students and the employment of nearly 49,000 full-time equivalent (FTE) employees, of which, over 34,500 are licensed and working in the school districts and charter schools. The subcommittee oversees the budgets for three principal areas in public education.

- First, the Minimum School Program which provides general operating revenues to all school districts and charter schools in the state. Funding appropriated through the Minimum School Program supports 41 school districts and nearly 80 charter schools. School districts and charter schools receive funding on a formula basis.
- Second, the School Building Program supports school districts in school building construction and renovation. The amount of funding a school district receives varies depending on qualification and the level of funding appropriated by the Legislature. In FY 2008, 26 school districts received an allocation through the program. During the 2008 General Session, the Legislature altered the formula to provide a base level of funding for all school districts.
- Finally, the Education Agencies administer and support the public education system. Individual budget categories within the education agencies include: the Utah State Office of Education, State Charter School Board, Educator Licensing, Child Nutrition Programs, Fine Arts Outreach, Science Outreach, and Education Contracts.

Utah's constitution states that the "general control and supervision of the public education shall be vested in a State Board of Education" (Article 10, Section 3). The State Board of Education oversees each of the three principal areas in the education budget and distributes all funding appropriated to support the system.

PUBLIC EDUCATION REVENUE SOURCES

The Education Fund is the largest source of funding supporting public education and receives the majority of its revenue from the Income Tax. Each year, the Legislature transfers funds from the Education Fund into the Uniform School Fund to fund all education programs appropriated by the Legislature. The State's General Fund (sales tax) only provides a minor amount of funding in the Public Education budget. Other sources of revenue appropriated by the Legislature include: federal funds, local property tax (basic levy, voted leeway, and board leeways only), dedicated credits, federal mineral lease, and other minor sources.



The pie chart details each of these major revenue sources for FY 2009 (as appropriated in the 2008 General Session). During the 2008 General Session, the Legislature appropriated a total of \$3.7 billion to support public education.

BUDGET CHANGES SINCE 2008 GENERAL SESSION***2008 Special Session***

In September 2008, the Legislature reduced ongoing appropriations supporting public schools by 3 percent in FY 2009. This ongoing reduction totaled \$75.9 million and impacted each of the three major areas of the education budget equally. All ongoing reductions were back-filled with one-time funding in FY 2009. In FY 2010, the ongoing impact of these reductions will impact education budgets. Legislators also reduced non-lapsing balances within education budgets by \$60 million.

No specific programmatic reductions were made to education line-items during the special session. The Public Education Appropriations Subcommittee may discuss how to implement the ongoing reduction by line-item as it builds the FY 2010 budget.

The following table details the Public Education budget by line-item. The first series of columns details the state-fund (Uniform School Fund & General Fund) appropriations made during the 2008 General Session for FY 2009. The second series of columns shows the changes made during the 2008 Special Session, where \$75,998,182 in ongoing funding was reduced and back-filled with one-time funding.

Public Education: State Funds by Line-Item & 2008 Special Session Changes
Based on the FY 2009 Budget as Appropriated in During the 2008 General Session

Education Line-Items	2008 General Session Appropriation			2008 Special Session		
	Ongoing Base USF/GF	One-Time USF/GF	Total State Funds	Ongoing Changes	One-Time Changes	Revised Total
Minimum School Program	\$2,438,692,586	\$31,820,000	\$2,470,512,586	(\$73,160,800)	\$73,160,800	\$2,470,512,586
School Building Program	27,288,900	15,000,000	42,288,900	(818,700)	818,700	42,288,900
Total MSP & School Building Program	\$2,465,981,486	\$46,820,000	\$2,512,801,486	(\$73,979,500)	\$73,979,500	\$2,512,801,486
Education Agencies						
Utah State Office of Education	32,896,700	5,563,400	38,460,100	(986,901)	986,901	38,460,100
Utah Schools for the Deaf and Blind	24,381,200	770,000	25,151,200	(731,436)	731,436	25,151,200
State Charter School Board	709,600	10,000	719,600	(21,288)	21,288	719,600
Educator Licensing	0	0	0	0	0	0
Child Nutrition	168,100	0	168,100	(5,043)	5,043	168,100
Fine Arts Outreach	3,189,600	0	3,189,600	(95,688)	95,688	3,189,600
Science Outreach	2,089,400	0	2,089,400	(62,682)	62,682	2,089,400
Education Contracts	3,854,800	0	3,854,800	(115,644)	115,644	3,854,800
Total Education Agencies	\$67,289,400	\$6,343,400	\$73,632,800	(\$2,018,682)	\$2,018,682	\$73,632,800
Public Education Total	\$2,533,270,886	\$53,163,400	\$2,586,434,286	(\$75,998,182)	\$75,998,182	\$2,586,434,286

Prepared by: Office of the Legislative Fiscal Analyst (02/09BL).

2009 General Session

As revenues continued to decline through the end of 2008, additional budget reductions are required to balance the state's budget. During its meetings in January 2008, the Public Education Appropriations Subcommittee met to discuss and recommend further budget reductions to the Executive Appropriations Committee. The Subcommittee was given two targets to meet: a 7.5 percent reduction to the FY 2009 budget and a 15 percent ongoing reduction to the FY 2010 budget. These reductions are in addition to the ongoing reductions made during the 2008 Special Session.

Preliminary actions taken by the Executive Appropriations Committee indicate a slightly different approach in FY 2009. The ongoing state-fund budget for Public Education was reduced by \$194,167,000. A partial back-fill to this reduction is proposed \$118,445,700 in one-time funding. The net reduction to the FY 2009 budget is \$75,721,300, or -2.9 percent. The percent reduction varies by education line-item.

The following table details the reductions as proposed by the Executive Appropriations Committee. The total ongoing reduction (2008 Special Session & 2009 General Session) is \$270,165,182, or approximately -10.7 percent lower than the original FY 2009 ongoing appropriation. Following these changes, the state-fund budget for Public Education totals \$2,510,712,986 in FY 2009.

Public Education: State Funds by Line-Item with 2009 General Session Proposed Changes

FY 2009 State-Funds as Revised in House Bill 3 and Senate Bill 4 (2009 General Session)

Education Line-Items	2009 General Session			
	Ongoing Changes	One-Time Changes	Revised Total	% Change from 2008 SS
Minimum School Program	(\$188,850,100)	\$119,117,700	\$2,400,780,186	-2.8%
School Building Program	0	(3,171,700)	39,117,200	-7.5%
Total MSP & School Building Program	(\$188,850,100)	\$115,946,000	\$2,439,897,386	-2.9%
Education Agencies				
<i>Utah State Office of Education</i>	(2,794,300)	1,259,900	36,925,700	-4.0%
<i>Utah Schools for the Deaf and Blind</i>	(1,773,700)	857,300	24,234,800	-3.6%
<i>State Charter School Board</i>	(51,700)	50,400	718,300	-0.2%
<i>Educator Licensing</i>	0	0	0	
<i>Child Nutrition</i>	(12,200)	5,900	161,800	-3.7%
<i>Fine Arts Outreach</i>	(239,200)	115,600	3,066,000	-3.9%
<i>Science Outreach</i>	(156,700)	75,700	2,008,400	-3.9%
<i>Education Contracts</i>	(289,100)	134,900	3,700,600	-4.0%
Total Education Agencies	(\$5,316,900)	\$2,499,700	\$70,815,600	-3.8%
Public Education Total	(\$194,167,000)	\$118,445,700	\$2,510,712,986	-2.9%

Prepared by: Office of the Legislative Fiscal Analyst (02/09BL).

STUDENT ENROLLMENT

Fall 2009 (FY 2010) projections indicate that over 564,500 students will enroll in Utah's public schools, an increase of 2.4 percent over fall 2008. This increase represents approximately 13,500 new students. Additional costs associated with these students are detailed in the Issue Brief titled "Student Enrollment Growth".

Public Education: Total Fall Enrollment

Actual Enrollment Fall 1999 to Fall 2008

Year	Fall Enrollment	Annual Change	Percent Change
1999	475,974	(1,087)	-0.2%
2000	475,269	(705)	-0.1%
2001	477,801	2,532	0.5%
2002	481,143	3,342	0.7%
2003	486,938	5,795	1.2%
2004	495,682	8,744	1.8%
2005	510,012	14,330	2.9%
2006	525,660	15,648	3.1%
2007	537,653	13,650	2.6%
2008	551,013	13,360	2.5%

Source: Utah State Office of Education, Finance & Statistics Section.

Based on Common Data Committee Estimates.

Prepared by: Office of the Legislative Fiscal Analyst (02/09BL).

Public Education: Fall Enrollment Projections

Fall 2009 to Fall 2018

Year	Fall Enrollment	Annual Change	Percent Change
2009	564,507	13,494	2.4%
2010	579,424	14,917	2.6%
2011	595,976	16,552	2.9%
2012	613,543	17,567	2.9%
2013	629,622	16,079	2.6%
2014	644,921	15,299	2.4%
2015	660,101	15,181	2.4%
2016	674,521	14,420	2.2%
2017	687,273	12,752	1.9%
2018	698,173	10,900	1.6%

Source: Utah State Office of Education, Finance & Statistics Section.

Based on Common Data Committee Estimates.

Prepared by: Office of the Legislative Fiscal Analyst (02/09BL).